



CHIEF OPERATING OFFICER

February 21, 2007

P-07-01

Subject: 2007-2008 Federal Pell Grant Payment and Disbursement Schedules

Summary: The attachments to this letter contain the 2007-2008 Award Year Federal Pell Grant Program Payment and Disbursement Schedules – Regular and Alternate. The letter describes when an institution must determine a student's 2007-2008 Pell Grant award using the Alternate Schedules and when it can use the Regular Schedules.

Dear Colleague:

Enclosed are the Regular and Alternate Payment and Disbursement Schedules for determining Federal Pell Grant awards for the 2007-2008 award year—July 1, 2007 to June 30, 2008. Each schedule consists of four separate tables: full-time, three-quarter-time, half-time, and less-than-half-time. We indicate below when you must use the Alternate Schedules. The maximum Federal Pell Grant award for the 2007-2008 award year is \$4,310, which is an increase of \$260 from the 2006-2007 award year.

On February 15, 2007, the President signed the Revised Continuing Appropriations Resolution, 2007, (P.L. 110-5) that establishes the maximum Federal Pell Grant award for the 2007-2008 award year at \$4,310 and, with the minimum award continuing to be \$400, sets the maximum Expected Family Contribution (EFC) that a student may have to be eligible to receive a Federal Pell Grant at 4110. We used these amounts (and related statutory provisions) to develop the attached payment and disbursement schedules.

Institutions must use the Alternate Schedules, which were developed to comply with the "tuition sensitivity" provision of section 401(b)(3) of the Higher Education Act of 1965, as amended (HEA), as discussed below, to determine the 2007-2008 Federal Pell Grant award for a student only if all of the following are true:

- The total of the student's tuition and any dependent care or disability related expenses included in his or her Cost of Attendance (COA) is less than \$805;
- The student's EFC is 800 or less; and
- The student's total COA is \$3,500 or higher.

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For these purposes, COA components are the costs for a full-time student for a full academic year. In addition, an institution that charged only fees in lieu of tuition as of October 1, 1998, may include in its determination of tuition those fees that would normally constitute tuition even if those charges are not specifically labeled tuition.

Institutions must use the Regular Schedules to determine the 2007-2008 Federal Pell Grant award for all other students.

The “tuition sensitivity” provision of the HEA, section 401(b)(3) modifies the rules for determining a student’s Federal Pell Grant award when the Federal Pell Grant maximum award exceeds \$2,700. This provision provides that the maximum scheduled Federal Pell Grant for a student is the sum of:

- \$2,700; plus
- One half of the difference between \$2,700 and the maximum award; plus
- The lesser of:
 - The remaining one half of the difference; or
 - The amount of the student’s tuition plus an allowance determined by the institution as described in sections 472(8) and 472(9) of the HEA if the student has dependent care or disability related expenses.

Accordingly, any student whose 2007-2008 tuition plus any allowance included in the COA for dependent care or disability related expenses equals or exceeds \$805, one-half the difference between the 2007-2008 maximum award of \$4,310 and \$2,700, must have his or her Federal Pell Grant award determined using the Regular Payment and Disbursement Schedules. The components used in the Federal Pell Grant COA must always be costs for a full-time student for a full academic year. An institution that charged only fees in lieu of tuition as of October 1, 1998, may include in its determination of tuition, fees that would normally constitute tuition even if those charges are not specifically labeled tuition.

Students whose COA tuition component plus any dependent care or disability related expenses (as discussed above) is less than \$805 are eligible for an award that is generally reduced by the difference between \$805 and the amount of those charges. Because of the details of the award formula, the “tuition sensitivity” provision does not affect any student whose 2007-2008 EFC is 801 or higher or whose full-time, full-year COA is less than \$3,500. A complete, separate set of Alternate Schedules is provided because the distribution of the tuition sensitivity reduction is not consistent across the tables.

We appreciate your continued support in making Federal Pell Grant assistance available to students. If you have any questions regarding the enclosed payment and disbursement schedules, please contact our Research and Customer Care Center staff. Staff is available Monday through Friday between the hours of 9:00 AM and 5:00 PM (Eastern Time) at 1-800-433-7327.

After hours calls will be accepted by an automated voice response system. Callers leaving their names and phone numbers will receive a return call the next business day. Alternatively, you may fax an inquiry to the Research and Customer Care Center at (202) 275-5532, or e-mail the Care Center at fsa.customer.support@ed.gov.

Sincerely,



Theresa S. Shaw
Chief Operating Officer

Enclosures